



BOARD OF DIRECTORS

P.C. PANTULU	-	Managing Director
K.S. SHIVA KUMAR	-	Director & Chief Operations Officer
IJJU SHIVANAND	-	Director & Chief Technical Officer
P.S. MURTHY	-	Director (Technical)
RAJIV GOYAL	-	Director - International Business Development
K.K. RAO	-	Director
N.VEDAGIRI	-	Director

Auditors

B. RAMA RAO & Co.
Chartered Accountants
Hyderabad

Bankers :

State Bank of India (IFB)

Registered Office & Software Development Centre

11, Sripuri Colony,
Kakaguda, Karkhana,
Secunderabad - 500 015.
e-mail : info@cybermateinfotek.com
URL : www.cybermateinfotek.com

Overseas Subsidiary

Cybermate Infotek Ltd. Inc.
Suite 3002H, Green Tree Executive
Campus, Lincoln Drive West,
Marlton, New Jersey 08053 USA

Registrar/Share Transfer Agent

Sindhu Corporate Services (P) Ltd.
18A (492), East Marredpally
Secunderabad - 500 026
e-mail : sindhu@hd2.dot.net.in



NOTICE

Notice is hereby given that the 8th Annual General Meeting of the shareholders of the company will be held at 10.00 a.m on Monday, the 16th December 2002 at Sundaraya Vignan Kendra, # 1-8-1/B/25/A, Baghlingampally, Hyderabad – 500 044 A.P India to transact the following business:

AS ORDINARY BUSINESS

- a. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT the Audited Balance Sheet as at 31st March 2002 and the Profit and Loss Account of the Company for the year ended as on that date and the report of the Director's and Auditor's be and are hereby considered and adopted."

- b. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. K.K.Rao Director, who retires by rotation and being eligible for re-appointment, offers himself for re-appointment be and is hereby re-appointed, as a Director of the Company."

- c. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT the retiring auditors M/s. B. RAMA RAO & Co., Chartered Accountants, Hyderabad, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be fixed in this behalf by the Board of Directors of the Company."

AS SPECIAL BUSINESS

- d. To consider and if thought fit to pass with or without modifications, the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. N.Vedagiri, who was appointed as an additional director by the Board at its meeting dated 31st July 2002 and who holds office upto the date of this Annual General Meeting of the company, and is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

NOTES:

1. The Explanatory statement pursuant to Section 173(2) of the Companies Act 1956 in respect of the Special business under item no(s) is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself and the proxy need not be a member. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not later than 48 hours before the meeting.
3. The share transfer books and Register of Members of the Company will remain closed from 12th December 2002 to 16th December 2002 (both days inclusive).
4. Members are requested to bring their copies of the Annual Report to the meeting. Please bring the Attendance slip with you duly filled in and handover the same at the entrance of the Meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers

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- for easy identification of attendance at the meeting.
5. Members are requested to notify immediately any change in their address to the Company in case their shares held in dematerialized form, this information should be passed so that the information required can be made readily available at the meeting.
 6. Members holding shares in physical form are requested to dematerialise the shares in electronic form to facilitate faster transfer and avoid rejections for bad deliveries. The Share Certificates may be sent to the Secretarial Department, at Plot No.11, Sripuri Colony, Karkhana, Secunderabad – 500 015. A.P

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956
ITEM NO. 4

Mr. N.Vedagiri aged 68Yrs, was appointed by the Board of Directors as an Additional Director of the Company with effect from 31st July' 2002, pursuant to section 260, of the Companies Act 1956.

Mr. N. Vedagiri has behind him over three decades of experience in Banking having been in senior positions in the Banking industry and his experience and exposure to the industrial finance will be great asset to the company. He is also a director in Regency Ceramics Limited. He is a member of Audit Committee.

Information on Director's seeking appointment / re-appointment as required under clause 49 of the listing agreement with stock exchanges.

Mr. K.K.Rao, aged 53 years is a NRI Director on the Board. He is a Chartered Accountant who has experience in large industry like Bharath Earth Movers Limited, Bangalore, AP Fisheries Corporation, Lasheo Group of Companies before leaving for the Middle East where he is currently managing a construction Company (Al-Baraha) in DOHA, Quatar for the past 15 years.

By order of the Board

Place: Secunderabad
Date: 31st October' 2002

P. C. Pantulu
Managing Director

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DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their Seventh Annual Report on the business and operations for your company for the year ended March 31, 2002.

Financial Results

	(Rs. In Lacs)	
	31 st March 2002	31 st March 2001
Sales	455.92	810.77
Stock Adjustments	44.78	278.48
Other Income	54.69	70.12
Total Revenues	555.39	1159.37
Total Expenditure	303.09	727.39
PBDIT	252.30	435.77
Less: Prov. for Tax	14.16	15.50
PAT	92.85	299.37
Add: Surplus B/f	550.72	260.12
Profit available for appropriation	643.57	582.21
Transfer to General Reserve	10.70	31.49
Surplus Carried to Balance sheet	632.87	550.72

Overview of Operations:

During the previous year, industrial recession and continued Global downtrend has reduced investments in IT by major industries. Due to this global phenomenon your company has been experiencing pressure on the revenues however, at present the market is in the mode of stabilization there are signs of distinct recovery foreseen in the near future. Since your company is not an

exception to the general trend, the total revenues were lower by 43.77% and profits by 68.98% over the previous year. Due to continuous marketing effort the company has been fortunate to conclude deals with more clients during the year increasing from the present base of 16 to 24 clients in North America.

The new contracts in the pipeline are scheduled for commencement, execution & implementation in the second half of the current year and that the revenues and profits improve thereafter.

Employee Stock Purchase Scheme (ESPS)

The company has introduced the Employee Stock Purchase Scheme ESPS 2001, as approved by the shareholders in the AGM held on 28th September' 2001. The members had authorized the company to issue equity shares not exceeding 5% of issued capital.

As per the scheme approved by the Compensation Committee of the Board 3,42,000 shares were allotted to the employees under the Employee Stock Purchase Scheme.

Strategic Initiatives

Your company strategically positioned itself in the Healthcare market, with focused expertise in healthcare solutions through our Health Care Solutions Group (HSG) and developed some products and solutions, one of them being Dental Reconstruction Workflow Solutions for Doctors, already implemented for a major chain of Dental Hospital in USA. During the year your company has also streamlined products and solutions to cater to the print and publishing industry by strategic alliance with industry leaders in print and publishing automation and the company has set up a Print Automation Group (PAG), to develop solutions for the print media industry.

Products

The company was able to deliver certain solutions to its existing clients, which have been recommended by these clientele to various other similar clients. Encouraged by this response, the company has decided to produce some of its solutions so that these can be delivered to multiple clients thereby augmenting its revenues and keeping minimum development cost which will be limited to the customizing costs to meet the specific requirements of each new client.

Subsidiary Company Accounts

In compliance with the provisions of Section 212 of the Companies Act 1956, the Audited Statement of Accounts for the year ended 31st December 2001 of the Subsidiary company and also the statement under the said section are attached along with the Balance Sheet of the company.

Fixed Deposits

Your company has not accepted any deposits and, as such no amount of principal or interest was outstanding on the date of Balance Sheet.

Directors

Mr.N.Vedagiri, Director was appointed as Additional Director and retires at this meeting being eligible offers for re-appointment. Mr. M.R.Vikram and Dr. J.V.Rao have resigned from the Board on 29th March' 2002 and 31st July' 2002 respectively due to their preoccupation. The Board of Directors record their sincere gratitude for their services rendered to the Company during their tenure.

In accordance with the requirements of Clause 49 of the Listing Agreement executed with the stock exchanges as also in pursuance of section 292A of the Companies Act 1956, following steps have been taken by the Board of Directors:

a) The Board of Directors has been reconstituted and comprises nine members (inclusive of five Executive Directors and two Non-Executive directors) of which 1/3rd are Independent Directors. The reconstituted Board comprises the following:

- | | |
|--------------------------|--|
| 1) Mr. P. C. Pantulu | Managing Director |
| 2) Mr. K. S. Shiva Kumar | Executive Director |
| 3) Mr. P. S. Murty | Executive Director |
| 4) Mr. Ijju Shivanand | Executive Director |
| 5) Mr. Rajiv Goyal | Executive Director
(w.e.f 01.04.2001) |
| 6) Mr. K. K. Rao | Non-Executive Director |
| 7) Mr. N.Vedagiri | Non-Executive
Independent Director |

In the process of reconstitution of the board, Mr. M.R.Vikram resigned from the Board on 29th March' 2002 and Dr. J.V.Rao on 31st July' 2002. The Board is thankful to both of them for the valuable services rendered to the company during their tenure. Mr. N.Vedagiri is being constituted into the Board as Additional Director and holds office until the conclusion of the next ensuing AGM.

Audit Committee

The Audit committee provides direction to the audit and risk management function in the company and monitors the quality of internal audit and management audit Committee include overseeing the financial reporting process to ensure proper disclosure of financial statement, recommending appointment/removal of external auditors and fixing remuneration.

The present audit committee comprises the following directors:

- | | |
|-----------------------|----------------|
| 1) Mr. N.Vedagiri | Director |
| 2) Mr. K.K.Rao | Director |
| 3) Mr. K.S.Shivakumar | Director & COO |

Directors' Responsibility Statement (As the provisions of Section 217(2AA) of the Companies Act' 1956), the Directors confirm that:

- a) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation related to material departures.
- b) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company as at the end of March 31st 2001 and the profits for the year ended on that date.
- c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) the directors have prepared the annual accounts on a going concern basis.

Auditors

The auditors, M/s. B.Rama Rao & Co., Chartered Accountants, Hyderabad retire at this Annual General Meeting and are eligible for re-appointment. The Board recommends their re-appointment.

Auditor's Report

The Auditor's comments in their report are self-explanatory.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under sub-section (1)(e) of section 217(2A) of the Companies Act' 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, are given in Annexure B.

Employee Particulars

As required under the provisions of Section 217(2A) of the Companies read with the Companies (Particulars of Employees) Rules' 1975 as amended form part of this report. However, in pursuance of section 219(1)(b)(iv) of the Companies Act' 1956 are set out in the annexure included in this report.

Acknowledgement

Your Directors acknowledge with a deep sense of gratitude the continued support extended by investors, customers, business associates, bankers and government departments.

For and on behalf of the Board

Place: Secunderabad

P. C. Pantulu

Date: 31st October, 2002

Managing Director

K.S.Shivakumar

Director & COO

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ANNEXURE TO THE DIRECTORS' REPORT

a) Particulars pursuant to Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988

1. Conservation of Energy

The operations of your company are not energy-intensive by using energy efficient computer terminals and equipment and electrical fittings. Energy saving conditioners are being purchased that reduces heat absorption. Your company is always in the look out for newer and efficient energy conservation technologies and introduces them appropriately.

2. Research and Development (R & D)

Research and Development of new products and services, that allows software designs across different projects that continue to increase quality and productivity. Your company is continuously strengthening its research exposure in application and system development areas. Your company has set up practice units for web-related technologies and object and component technologies. Your company helps its customers creating a world standard virtual workplace connecting across offices, geographies, on a real time with multimedia linkups.

b) Information as per Section 217 (2A) of the Companies Act' 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Director's Report for the year ended March 31' 2002.

3. Technology absorption, adaptation and Innovation

Your company has taken steps to improvise on quality and desktops, that reduces working time on desktops. Various communication facilities include Video-conferencing, and Middleware technologies.

4. Foreign Exchange earnings and outgo

Activities relating to exports, development of new markets, for products and services and export plans. Your company has over the past year, set up communication facilities and marketing offices situated in North America, Europe and Middle East. Your company has plans to set up marketing and development centers at San Jose, California catering to the client needs.

Foreign Exchange earned and used for the year ended 31st March.

	(Rs. in Lacs)	
	2002	2001
Foreign Exchange Earnings	74.22	167.64
Foreign Exchange Outgo	11.92	77.98

Sl. No.	Name	Designation	Qualification	Age (Yrs)	Date of Joining	Gross Remuneration	Previous Employment
1.	P.C.Pantulu	Managing Director	F.C.A	56	04.05.1994	Rs. 17,64,000	SOL Pharmaceuticals

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 AS AT MARCH 31ST 2002 (in US\$)

				For Financial year of the Subsidiary		For Previous For Financial Years since it became a Subsidiary	Change of interest of Cybermate Infotek Limited in the Subsidiary between end of financial year of the subsidiary and that of Cybermate Infotek Limited	Material changes between the end of the financial year and that of the subsidiary of Cybermate Infotek Limited.				
Name of the Subsidiary Company	Financial year of the Subsidiary Company	Share of Subsidiary Company held on the above date and extent of holding		Net aggregate amount of profits less losses of the subsidiary for the above mentioned year so far as they concern members of Cybermate Infotek Limited		Net aggregate amount of profits less losses of the subsidiary for the above mentioned year so far as they concern members of Cybermate Infotek Limited			Loans and Advances	Monies borrowed by the subsidiary by the subsidiary Company other than for meeting current liability		
		No. of Equity Shares	Extent of Holding (%)	Dealt with in the ac- counts of Cyber- mate Infotek Ltd.	Not Dealt with in the accounts of Cyber- mate Infotek Ltd.	Dealt with in the ac- counts of Cyber- mate Infotek Ltd.	Not Dealt with in the accounts of Cyber- mate Infotek Ltd.					
1	2	3	4	5	6	7	8	9	10	11	12	13
CYBERMATE INFOTEK LIMITED Inc. U.S.A.	31-12-2001	1500	100%	NIL	(1730)	NIL	(30792)	NIL	NIL	NIL	NIL	NIL

AUDITORS' REPORT

To
The Members,
Cybermate Infotek Limited.

We have audited the attached Balance Sheet of M/s. CYBERMATE INFOTEK LIMITED as at 31st March, 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards Generally Accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order:

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit:
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books:
- c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account:
- d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report are in compliance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956.
- e) On the basis of written representation received from the directors, and taken on record by the Board of Directors, none of the director is disqualified as on 31st March 2002 from being appointed as director in terms of Clause (g) of section 274 (1) of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with significant accounting policies and notes thereon give the information required by the Companies act, 1956 in the manner so required and give a true and fair view:
 - I. In so far as it relates to the Balance Sheet, of the State of Affairs of the company as at 31st March, 2002 and
 - II. In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

for **B.RAMA RAO & Co.**
Chartered Accountants

Place : Hyderabad
Date: 31st July, 2002

G.V.RANGA BABU
PARTNER